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Supreme Court Rules Against NCAA Regarding Student-Athlete Education Benefits

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On June 21, 2021, the Supreme Court issued a unanimous decision that ends the National Collegiate Athletic Association's (NCAA) nationwide limits on education-related benefits athletes can receive for playing collegiate sports.

In *NCAA v. Alston*, current and former student-athletes brought an antitrust lawsuit challenging the NCAA's restrictions and limits on compensation provided to athletes. Specifically, they alleged that the NCAA's rules violated the Sherman Act, which is the federal statute that prohibits "contract[s], combination[s], or conspirac[ies] in restraint of trade or commerce."

A federal district court in California declined to disturb the NCAA's rules limiting undergraduate athletic scholarships and other compensation related to *athletic* performance, but struck down the NCAA rules limiting the *education-related* benefits schools may offer student-athletes—such as those limiting tutoring, graduate school tuition, vocational school tuition, and paid internships. According to the district court, "the NCAA offered no cogent explanation for why limits or prohibitions on these education-related benefits are necessary to preserve consumer demand [for collegiate athletics]," and further held that certain limits on education-related compensation were arbitrary. The district court, therefore, enjoined the NCAA from continuing to enforce limitations on education-related benefits to student athletes.

Both parties appealed the decision and the United States Court of Appeals for the Ninth Circuit affirmed, holding that the district court "struck the right balance in crafting a remedy that both prevents anticompetitive harm to Student-Athletes while serving the procompetitive purpose of preserving the popularity of college sports."

The NCAA appealed again to the Supreme Court, seeking reversal as to the educational benefits piece only (the athletic benefits issue was not before the Court). The Supreme Court affirmed the district court's permanent injunction as to the rules for education-related benefits. In holding that the district court's injunction was consistent with established antitrust law principles, the Supreme Court rejected the NCAA's various arguments for why the district court opinion should be reversed in turn:

- Even if the NCAA and its members are a joint venture, considering the NCAA's "monopoly power" in the market of collegiate sports, the NCAA was subject to ordinary antitrust law principles, not a less burdensome standard.
- The NCAA's reliance on a 1984 Supreme Court decision that found the tradition of amateurism in college sports to be consistent with the goals of the Sherman Act was misguided, because that part of the decision was not binding on the Court and failed to consider the current market environment and realities surrounding collegiate athletics.
- The NCAA's contention that it is not a "commercial enterprise," and thus exempt from the Sherman Act, was rejected. The Supreme Court ruled the NCAA has historically been subject to the Act and any exemption would require an act of Congress.

The Court acknowledged its limited decision, stating: "The national debate about amateurism in college sports is important. But our task as appellate judges is not to resolve it. Nor could we. Our task is simply to review the district court judgment through the appropriate lens of antitrust law." Although the immediate impact of the Court's relatively narrow ruling is still unknown, the Court underscored the "modesty of the current decree" and explained that the

NCAA and its members were free to propose a revised definition of compensation or benefits "related to education." The Supreme Court further stated that the NCAA remained free to regulate how conferences and schools provide education-related compensation and benefits, so long as such regulation was in line with antitrust law principles. Moreover, as the injunction applies only to the NCAA and multi-conference agreements, individual conferences and schools remain free to impose more rigorous restrictions on educational benefits, if they desire. It is likely that additional litigation concerning student-athletes' rights to educational, and other, benefits will continue.

Miller Canfield will continue to provide updates concerning these legal issues as they arise. As always, please consult your attorneys at Miller Canfield, or the authors of this alert, with any questions or concerns that you may have related to these decisions.